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**Bruno & Tervelton LLP**  
Certified Public Accountants

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Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Morel, Jr., CPA

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Amistad Research Center

We have audited the accompanying statements of financial position of **The Amistad Research Center (The Center)** (a non-profit corporation) as of December 31, 2001 and 2000 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of **The Center's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully discussed in NOTE 13 to the financial statements, **The Center** was unable to determine the fair value of its endowment investments at December 31, 2000 (stated at \$2,821,870). We were unable to satisfy ourselves about the fair value of endowment investments by means of other auditing procedures.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

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To the Board of Directors  
The Amistad Research Center  
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In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the fair value of endowment investments at December 31, 2000, the financial statements referred to above present fairly, in all material respects, the financial position of **The Amistad Research Center** as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the years ended December 31, 2001 and 2000, were audited by us, and our report dated May 28, 2002, expressed a qualified opinion on those statements because the **Center** was unable to determine the fair value of the **Center's** endowment investments at December 31, 2001 and 2000. As disclosed in NOTE 15 to the financial statements, the **Center** has restated its 2001 financial statements based on additional information received regarding the fair value of its endowment investments at December 31, 2001. Accordingly, our opinion on the 2001 financial statements is no longer qualified for that scope limitation.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2002 on our consideration of **The Center's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

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To the Board of Directors  
The Amistad Research Center  
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Our audit was made for the purpose of forming an opinion on the basic financial statements of The Amistad Research Center taken as a whole. The accompanying schedules of functional expenses for the years ended December 31, 2001 and 2000 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The December 31, 2001 and 2000 schedules of functional expenses have been subjected to the auditing procedures applied in the audits of the basic financial statements and, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the fair value of endowment investments at December 31, 2000, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 28, 2002  
(except for NOTE 15, as to  
which the date is July 23, 2002)



**THE AMISTAD RESEARCH CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2001 AND 2000**

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**ASSETS**

	<u>2001</u>	<u>2000</u>
Cash	\$ 281,118	\$ 356,831
Investments (NOTE 3)	1,279,419	250,000
Accounts receivable	93,829	24,883
Pledges receivable, net (NOTE 4)	194,729	284,868
Grants receivable	50,831	36,261
Inventory	350,576	350,576
Other assets	2,601	2,899
Endowment investments (NOTES 2 and 3)	2,535,557	2,821,870
Furniture and equipment, net (NOTES 2 and 5)	<u>50,344</u>	<u>59,301</u>
Total assets	<u>\$4,839,004</u>	<u>\$4,187,489</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 31,814	\$ 20,631
Deferred revenue	<u>263,284</u>	<u>19,435</u>
Total liabilities	<u>295,098</u>	<u>40,066</u>
Net assets:		
Unrestricted	673,714	651,836
Temporarily restricted (NOTES 2 and 6)	1,318,454	657,536
Permanently restricted (NOTES 2 and 7)	<u>2,551,738</u>	<u>2,838,051</u>
Total net assets	<u>4,543,906</u>	<u>4,147,423</u>
Total liabilities and net assets	<u>\$4,839,004</u>	<u>\$4,187,489</u>

The accompanying notes are an integral part of these financial statements.

THE AMISTAD RESEARCH CENTER  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>PUBLIC SUPPORT AND REVENUES</u>				
Grants	\$409,722	\$ -0-	\$ -0-	\$ 409,722
Interest income (NOTE 3)	115,627	-0-	-0-	115,627
Unrealized gains (losses) on investments	(10,581)	-0-	(286,313)	(296,894)
Contributions, special events and fundraising	110,806	895,000	-0-	1,005,806
Royalties	7,471	-0-	-0-	7,471
Museum shop and other activities	29,315	-0-	-0-	29,315
Net assets released from restrictions	<u>234,082</u>	<u>(234,082)</u>	<u>-0-</u>	<u>-0-</u>
Total public support and revenues	<u>896,442</u>	<u>660,918</u>	<u>(286,313)</u>	<u>1,271,047</u>
<u>EXPENSES</u>				
Management and general	255,621	-0-	-0-	255,621
Program services	502,026	-0-	-0-	502,026
Fundraising	<u>116,917</u>	<u>-0-</u>	<u>-0-</u>	<u>116,917</u>
Total expenses	<u>874,564</u>	<u>-0-</u>	<u>-0-</u>	<u>874,564</u>
Change in net assets	21,878	660,918	(286,313)	396,483
Net assets, beginning of year	<u>651,836</u>	<u>657,536</u>	<u>2,838,051</u>	<u>4,147,423</u>
Net assets, end of year	<u>\$673,714</u>	<u>\$1,318,454</u>	<u>\$2,551,738</u>	<u>\$4,543,906</u>

The accompanying notes are an integral part of these financial statements.

THE AMISTAD RESEARCH CENTER  
STATEMENTS OF ACTIVITIES, CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2000			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>PUBLIC SUPPORT AND REVENUES</u>				
Grants	\$174,158	\$ 262,897	\$ -0-	\$ 437,055
Interest income (NOTE 3)	108,974	310	-0-	109,284
Contributions, special events and fundraising	288,384	4,035	27,000	319,419
Royalties	8,171	-0-	-0-	8,171
Museum shop and other activities	28,331	-0-	-0-	28,331
Net assets released from restrictions	198,160	(198,160)	-0-	-0-
Total public support and revenues	806,178	69,082	27,000	902,260
<u>EXPENSES</u>				
Management and general	173,105	-0-	-0-	173,105
Program services	459,100	-0-	-0-	459,100
Fundraising	155,037	-0-	-0-	155,037
Total expenses	787,242	-0-	-0-	787,242
Change in net assets	18,936	69,082	27,000	115,018
Net assets, beginning of year	632,900	588,454	2,811,051	4,032,405
Net assets, end of year	\$651,836	\$657,536	\$2,838,051	\$4,147,423

The accompanying notes are an integral part of these financial statements.



**THE AMISTAD RESEARCH CENTER**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 396,483	\$ 115,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,071	16,567
Bad debts	-0-	3,800
Net realized and unrealized (gains) and losses	296,894	-0-
Contributions restricted for permanent investments	-0-	(27,000)
(Increase) decrease in:		
Accounts receivable	(68,947)	(8,858)
Pledges receivable	90,139	19,751
Grants receivable	(14,570)	12,750
Inventory	-0-	(27,000)
Prepaid expenses	299	(1,759)
Increase (decrease) in:		
Accounts payable and accrued expenses	11,183	2,461
Deferred revenues	<u>243,849</u>	<u>19,435</u>
Net cash provided by operating activities	<u>973,401</u>	<u>125,165</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(9,114)	(25,006)
Purchase of investments	<u>(1,040,000)</u>	<u>(276,999)</u>
Net cash used in investing activities	<u>(1,049,114)</u>	<u>(302,005)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for permanent investment	<u>-0-</u>	<u>27,000</u>
Net cash provided by financing activities	<u>-0-</u>	<u>27,000</u>
Net increase (decrease) in cash	(75,713)	(149,840)
Cash at beginning of year	<u>356,831</u>	<u>506,671</u>
Cash at end of year	<u>\$ 281,118</u>	<u>\$ 356,831</u>

The accompanying notes are an integral part of these financial statements.

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Organization and Nature of Activities:**

**The Amistad Research Center (The Center)** collects original source materials on American ethnic history, race, relations and civil rights, and the African diaspora. The Center organizes and preserves these materials according to archival standards and makes them accessible for research use. The Center also collects and makes accessible to research scholars, books, periodicals, photographs, microforms, film, and videotape to support its manuscript collections. The Center collects African art and works of art by African American artists for display at The Center and from which traveling exhibitions may be developed.

The Center incorporated in the State of Louisiana on October 16, 1987, is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**NOTE 2 - Summary of Significant Accounting Policies:**

**Principles of Accounting**

The Center's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Public Support and Revenue**

Contributions are generally available for unrestricted use in year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Public Support and Revenue, Continued

value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restrictions expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investments earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Investments

In accordance with Statement of Financial Accounting (SFAS) No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are value at their fair values in the statement of financial position. The fair values of investments are based on quoted market prices for those or similar investments. Unrealized gains and losses are included in the change in net assets. (See NOTE 13)

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Inventory

Inventories are stated at the lower of cost or market. Print inventories (works of art available for sale) donated to The Center are recorded at their fair value at the date of donation.

Furniture and Equipment

Furniture and equipment are capitalized at cost. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Reclassifications

Certain amounts from 2000 have been reclassified to conform with the 2001 presentation. There was no effect on previously reported net assets.

NOTE 3 - Investments:

Investments and investment return and its classification in the Statement of Activities as of December 31, are summarized as follows:

	2001		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted:			
Government securities	\$ 972,343	\$ 947,064	\$ 947,064
Money accounts	332,355	332,355	332,355
Permanently and temporarily restricted:			
Common Investment Fund	<u>1,803,856</u>	<u>2,535,557</u>	<u>2,535,557</u>
	<u>\$3,108,554</u>	<u>\$3,814,976</u>	<u>\$3,814,976</u>
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$115,627	\$ -0-	\$ 115,627
Unrealized gains (losses)	<u>(10,581)</u>	<u>(286,313)</u>	<u>(296,894)</u>
	<u>\$105,046</u>	<u>\$(286,313)</u>	<u>\$(181,267)</u>



**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Investments, Continued:

	2000		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted:			
Certificates of deposit, deposit notes and equivalents	\$ 250,237	\$ 250,000	\$ 250,000
Permanently and temporarily restricted:			
Common Investment Fund	<u>1,803,856</u>	<u>2,821,870</u>	<u>2,821,870</u>
	<u>\$2,054,093</u>	<u>\$3,071,870</u>	<u>\$3,071,870</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	<u>\$108,974</u>	<u>\$310</u>	<u>\$109,284</u>
	<u>\$108,974</u>	<u>\$310</u>	<u>\$109,284</u>

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Pledges Receivable:**

Unconditional promises to give consist of the following at December 31:

	<u>2001</u>	<u>2000</u>
Expected to be collected in:		
Less than one year	\$ 165,525	\$184,456
One year to five years	<u>60,000</u>	<u>131,208</u>
	225,525	315,664
Less discounts to net present value	<u>(30,796)</u>	<u>(30,796)</u>
	<u>\$194,729</u>	<u>\$284,868</u>

**NOTE 5 - Furniture and Equipment:**

At December 31, furniture and equipment consisted of the following:

	<u>2001</u>	<u>2000</u>
Office furniture and equipment	\$ 134,957	\$125,843
Automobile	<u>19,713</u>	<u>19,713</u>
	154,670	145,556
Less accumulated depreciation	<u>(104,326)</u>	<u>(86,255)</u>
	<u>\$ 50,344</u>	<u>\$ 59,301</u>

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2001</u>	<u>2000</u>
Capital campaign	\$1,307,437	\$611,882
Scholarships	2,932	2,932
Grants	-0-	34,637
Building fund	<u>8,085</u>	<u>8,085</u>
	<u>\$1,318,454</u>	<u>\$657,536</u>

**NOTE 7 - Permanently Restricted Net Assets:**

Net assets were permanently restricted for the following purposes at December 31:

	<u>2001</u>	<u>2000</u>
Capital campaign	\$ 16,491	\$ 16,491
United Church Board for Homeland Ministries:		
Endowment Fund	2,502,075	2,784,932
New Orleans Friends of Amistad Fund	<u>33,172</u>	<u>36,628</u>
	<u>\$2,551,738</u>	<u>\$2,838,051</u>

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - Lease:**

The Amistad Research Center entered into a leasing arrangement commencing January 1, 1987, with Tulane University whereby The Amistad Research Center would move its operations to the Tulane Campus. The lease was for a period of ten (10) years, free of any rental assessment, and terminated on the 31<sup>st</sup> day of December 1996. The lease is automatically renewable for eighteen successive five year terms. At the end of the original lease term, the organization exercised the renewal option for an additional five years.

The in-kind rent contribution for the years ended December 31, 2001 and 2000 was \$44,100 which was based on comparable rental sites.

During the term of the lease, Tulane shall contribute to The Amistad Research Center annually an unrestricted cash-operating subsidy. The amount contributed for 2001 and 2000 was \$97,325 and \$93,852, respectively.

**NOTE 9 - Retirement Plan:**

After three years of employment, The Center allows all employees to participate in a pension plan for lay workers administered by the United States Church of Christ. The Center contributes 11% of an employee's salary into the plan if the employee contributes 1% of his salary. An employee may pay up to 4% of his salary into the pension plan. The Center contributed a total of \$16,501 and \$15,685 to the plan during the years ended December 31, 2001 and 2000, respectively.

**NOTE 10 - Concentration of Credit Risk:**

At the end of the year, The Amistad Research Center had on deposit cash at a local bank in excess of FDIC insurance limits of \$100,000. The uninsured portion is \$127,906 and \$284,550 at December 31, 2001 and 2000, respectively.

**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Fair Values of Financial Instruments:**

The following methods and assumptions were used by The Center in estimating its fair value disclosures for financial instruments:

Cash and short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments. (See NOTE 13)

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return.

	<u>2001</u>		<u>2000</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash	\$ 281,118	\$ 281,118	\$ 356,831	\$ 356,831
Investments	1,279,419	1,947,419	250,000	250,000
Unconditional promises to give	194,729	194,729	284,868	284,868
Endowment investments	2,535,557	2,535,557	2,821,870	2,821,870



**THE AMISTAD RESEARCH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 12 - Functional Allocation of Expenses:**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 13 - Endowment Investments:**

The Center's endowment investments are held by the United Church Board for Homeland Ministries. As stated in NOTE 2, in accordance with Statement of Financial Accounting Standards No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. However, we were unable to determine the fair value of endowment investments at December 31, 2000.

**NOTE 14 - Historical Collection:**

In conformity with the practice followed by many museums and research center, historical manuscripts, art objects, microfilm and photographs which were purchased or donated to The Center and held in its permanent collection are not included in the statement of financial position.

**NOTE 15 - Restatement of 2001 Financial Statements:**

In our report dated May 28, 2002 we express a qualified opinion on the financial statements of the Center for the years ended December 31, 2001 and 2000 due to the Center's inability to determine the fair value of its endowment investments at December 31, 2001 and 2000. The Center has subsequently obtained documentation to substantiate the fair value of its endowment investments at December 31, 2001 and has restated its 2001 financial statements. Accordingly, our opinion on the 2001 financial statements is no longer qualified for that scope limitation.

## **SUPPLEMENTARY INFORMATION**

THE AMISTAD RESEARCH CENTER  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001					
	Management and General		Program Services		Fundraising	Total
	Finance and Administration	Archives and Library	Grants and Programs	Total Program Services	Programs and Development	
Salaries and wages	\$110,903	\$179,282	\$136,792	\$316,074	\$ 58,441	\$485,418
Payroll taxes and fringe benefits	31,792	17,120	13,285	30,405	4,390	66,587
Consultants	-0-	6,631	-0-	6,631	-0-	6,631
Books, films and periodicals	-0-	9,796	-0-	9,796	-0-	9,796
Appraisal fees	-0-	125	-0-	125	-0-	125
Archival supplies	-0-	2,901	-0-	2,901	-0-	2,901
Solinet fees	-0-	2,925	-0-	2,925	-0-	2,925
Exhibits	6,062	635	-0-	635	-0-	6,697
Travel, seminars and entertainment	4,558	5,688	2,946	8,634	3,263	16,455
Lodging and meals	15,797	2,087	-0-	2,087	-0-	17,884
Office supplies and postage	14,317	3,419	1,136	4,555	2,544	21,416
Depreciation	18,071	-0-	-0-	-0-	-0-	18,071
Accounting and auditing	33,700	-0-	-0-	-0-	-0-	33,700
Insurance	8,159	705	-0-	705	-0-	8,864
Telephone	145	366	-0-	366	145	656
Equipment repairs and maintenance	3,474	1,971	-0-	1,971	-0-	5,445
Rent	6,768	19,591	-0-	19,591	17,741	44,100
Gas	-0-	-0-	-0-	-0-	21,265	21,265
Marketing and promotions	-0-	-0-	-0-	-0-	1,194	1,194
Grants and scholarships	-0-	-0-	88,272	88,272	899	89,171
Management fees	935	1,528	-0-	1,528	198	2,661
Printing and newsletter	-0-	-0-	-0-	-0-	6,837	6,837
Other	940	251	4,574	4,825	-0-	5,765
Total expenses	<u>\$255,621</u>	<u>\$255,021</u>	<u>\$247,005</u>	<u>\$502,026</u>	<u>\$116,917</u>	<u>\$874,564</u>

See Independent Auditors' Report on Supplementary Information.

**THE AMISTAD RESEARCH CENTER**  
**SCHEDULE OF FUNCTIONAL EXPENSES, CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2000				
	Management and		Program Services		Fundraising
	General	Archives and Library	Grants and Programs	Total Program Services	Programs and Development
	Finance and Administration				Total
Salaries and wages	\$ 81,892	\$130,749	\$160,495	\$291,244	\$ 60,651
Payroll taxes and fringe benefits	25,396	18,147	13,185	31,332	10,583
Consultants	-0-	-0-	12,351	12,351	13,653
Books, films and periodicals	-0-	3,207	-0-	3,207	-0-
Appraisal fees	-0-	210	-0-	210	-0-
Archival supplies	-0-	7,360	-0-	7,360	-0-
Solinet fees	-0-	2,089	-0-	2,089	-0-
Exhibits	3,359	4,699	-0-	4,699	-0-
Travel, seminars and entertainment	2,363	3,865	9,850	13,715	5,415
Lodging and meals	8,973	488	-0-	488	-0-
Office supplies and postage	7,958	4,992	11,549	16,541	7,127
Depreciation	4,448	9,112	-0-	9,112	3,007
Accounting and auditing	18,245	-0-	-0-	-0-	-0-
Bad debts	-0-	-0-	-0-	-0-	3,800
Insurance	5,235	851	-0-	851	-0-
Telephone	1,426	943	279	1,222	693
Equipment repairs and maintenance	3,073	-0-	-0-	-0-	45
Rent	6,768	19,591	-0-	19,591	17,741
Galas	-0-	-0-	-0-	-0-	4,240
Marketing and promotions	-0-	-0-	-0-	-0-	17,273
Grants and scholarships	-0-	-0-	27,659	27,659	600
Management fees	2,020	533	-0-	533	841
Printing and newsletter	-0-	-0-	11,919	11,919	6,833
Other	1,949	150	4,827	4,977	2,535
Total expenses	<u>\$173,105</u>	<u>\$206,986</u>	<u>\$252,114</u>	<u>\$459,100</u>	<u>\$155,037</u>
					<u>\$787,242</u>

See Independent Auditors' Report on Supplementary Information.



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Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Aleide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
The Amistad Research Center

We have audited the financial statements of **The Amistad Research Center, (The Center)** as of and for the year ended December 31, 2001, and have issued our report thereon dated May 28, 2002 except for NOTE 15, as to which the date is July 23, 2002. The financial statements for the year ended December 31, 2001 were audited by us and our report dated May 28, 2002, expressed a qualified on those statements. The Center has restated its 2001 financial statements, and accordingly, our opinion on the 2001 financial statements is no longer qualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether The Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of the Center in a separate letter dated May 28, 2002.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 28, 2002  
(except for NOTE 15, as to  
which the date is July 23, 2002)

**THE AMISTAD RESEARCH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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We have audited the financial statements of **The Amistad Research Center** as of and for the year ended December 31, 2001, and have issued our report thereon dated May 28, 2002 and July 23, 2002. The financial statements for the year ended December 31, 2001 were audited by us and our report dated May 28, 2002, expressed a qualified opinion on those statements. The Center has restated its 2001 financial statements and accordingly, our opinion on the 2001 financial statements is no longer qualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2001 resulted in an unqualified opinion.

***Section I - Summary of Auditor's Reports***

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses No

Reportable Conditions No

Compliance

Compliance Material to Financial Statements No

b. Federal Awards

Not Applicable

***Section II - Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards***

No matters reported.

***Section III - Findings and Questioned Costs Related to Federal Awards***

Not applicable.

**THE AMISTAD RESEARCH CENTER  
STATUS OF PRIOR YEAR FINDINGS**

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RESOLVED

UNRESOLVED

**INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FINANCIAL STATEMENTS**

No matters reported.

**INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FEDERAL AWARDS**

Not applicable.

**MANAGEMENT LETTER COMMENTS**

99-5 Collateralization		X
00-01 Inventory	X	
00-02 Collateralization		X
00-03 Subsequent Event	X	

## THE AMISTAD RESEARCH CENTER

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### EXIT CONFERENCE

During the course of the audit and at an exit conference the report and its contents were discussed. Involved in those discussions were:

### THE AMISTAD RESEARCH CENTER

Dr. Charles C. Teamer	—	Executive Director
Ms. Alvery Rodney	—	Finance Director

### BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	—	Managing Partner
Mr. Armand E. Pinkney	—	Manager
Mr. Mark D. DeBose	—	In-Charge Accountant

This report is intended solely for the use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 28, 2002  
(except for NOTE 15, as to  
which the date is July 23, 2002)



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Alcide J. Tervalon, Jr., CPA  
Waldo J. Morel, Jr., CPA

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors  
The Amistad Research Center

In planning and performing our audit of the financial statements of **The Amistad Research Center (The Center)** for the year ended December 31, 2001, we considered **The Center's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during the audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and recommendations concerning those matters.

### **BANK RECONCILIATIONS**

During the course of our bank reconciliation testwork we noted reconciling items attributable to transfers of funds that were recorded in the books and records of **The Center** but were never executed until the subsequent accounting period (2002).

### **Recommendation**

We recommend that journal entries to record transfers of funds between bank accounts of **The Center** be evidenced and supported by the debit/credit memos, etc. or other documentation to support the execution of the transaction.



**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

**GENERAL LEDGER**

During the course of our audit we noted that various transactions primarily related to cash receipts and disbursements were posted directly to the "net asset" general ledger account as opposed to the proper revenue or expense accounts. This necessitated various audit adjusting journal entries to properly reconcile net assets at December 31, 2001.

**Recommendation**

We recommend that current year transactions involving revenues and expenses be recorded to the proper general ledger revenue and expense account to facilitate proper analysis reconciliation of net assets and to properly state the results of operations for the accounting period.

**COLLATERALIZATION**

During the course of the audit, we noted that at December 31, 2001, the bank balances of all **The Center's** bank accounts with one financial institution totaled \$227,906. Therefore, the amount in excess of FDIC insurance coverage was \$127,906.

**Recommendation**

We recommend that management of **The Center** continue to assess the level of risk associated with uninsured deposits.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

**OTHER MATTERS**

The Center utilizes the services of a part-time independent consultant to assist in the financial reporting and record keeping process. However, ultimate responsibility for the propriety and accuracy of the financial books and records of The Center rest with The Center's personnel.

**Recommendation**

We recommend that The Center establish a procedure for a centralized review of the propriety and accuracy of the financial books and records to include the review of all services rendered by independent consultants.

\*\*\*\*\*

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with the management of the Center, and will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

May 28, 2002



June 27, 2002

TO Bruno and Tervalon LLP  
Certified Public Accountants

**RESPONSE TO INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**

In response to your comments for strengthening internal controls and operating more efficiency, we are implementing the following.

**BANK RECONCILIATIONS**

All journal entries to record transfers of funds between bank accounts of The Center will be evidenced and supported by the debit/credit memos or other documentation needed to support the execution of such transactions.

**GENERAL LEDGER**

We will make sure all transactions involving revenues and expenses are recorded to the proper general ledger revenue and expense account. This should facilitate proper analysis reconciliation of net assets and properly state the results of operations for the accounting period.

**COLLATERALIZATION**

We are in the process of assessing the level of risk associated with uninsured deposits.

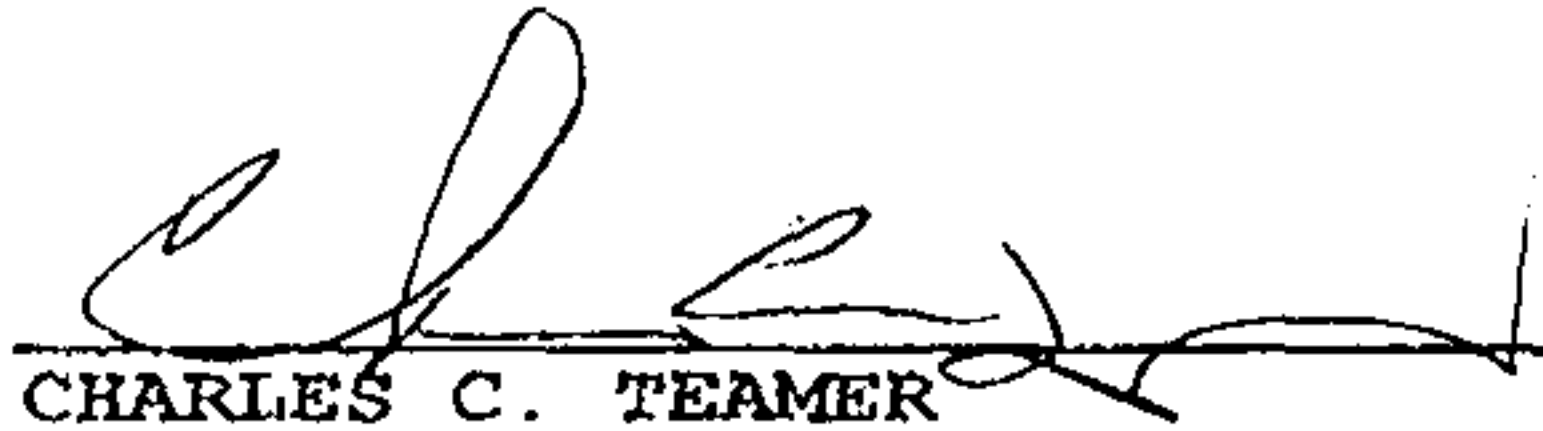
Tilton Hall, Tulane University  
New Orleans, La 70118-5688  
(504) 865-5535 Fax (504) 866-5580  
arc@mailhost.tcs.tulane.edu

RESPONSE TO INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT  
(CONTINUED)

OTHER MATTERS

The Center will establish a procedure for centralized review of the propriety and accuracy of the financial books and records that will include the review of all services rendered by independent consultants.

As we stated in our discussion with your staff, we intend to involve Bruno and Tervalon in the implementation of the above changes.



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CHARLES C. TEAMER  
EXECUTIVE DIRECTOR  
AMISTAD RESEARCH CENTER